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BY ELECTRONIC MAIL

April 24, 2023

Dr. Luis A. Ferrao Delgado
President
University of Puerto Rico

Re: Comas & Comas Contractors Corp. Change Order 5

Dear Dr. Ferrao Delgado,

In accordance with the Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed change order to the contract between the University of Puerto Rico (the “UPR”) and Comas & Comas Contractors Corp. (the “Proposed Change Order”).

After reviewing the Proposed Change Order, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Change Order are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Change Order with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Change Order or the original contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Mr. Ferrao Delgado

April 24, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the UPR and solely with respect to the Proposed Change Order.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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UPR – COMAS & COMAS CONTRACTORS CORP.

Fiscal Plan Alignment

This review covers the Proposed Change Order to the contract between the UPR and Comas & Comas Contractors Corp.

The original contract was approved with observations by the Oversight Board on October 13, 2020 and contemplates the remodeling of the Luis A. Monzón Building located in the UPR's Mayagüez Campus at an initial cost of \$8,394,000. The contract has been amended four times, with the fourth change order, approved with observations by the Oversight Board on October 11, 2022, adding items to the scope of work, changing the Substantial Completion date to March 2, 2023 and the Final Acceptance date to April 2, 2023, and raising the maximum payable amount to \$9,134,494.80.

The Proposed Change Order, which constitutes the fifth change order, increases the contract's maximum payable amount by \$80,526.52 to **\$9,215,021.32**, to account for certain additions to the scope of work. Further, the Proposed Change Order extends the Substantial Completion date to **May 17, 2023** and the Final Acceptance date to **June 16, 2023**. Notably, the UPR's submission letter indicated that, due to the Proposed Change Order, the majority of the contingency budget for the contract will be encumbered, forcing the UPR to identify additional sources of funds to maintain its contingency budget at sustainable levels for possible future unforeseen events. In light of this, we remind the UPR to be mindful of its initial assigned budgets for capital improvement projects and to ensure that its procurements processes for such projects result in contracts contemplating the broadest spectrum of works possible from the start, so as to avoid the need for recurrent change orders that delay the final acceptance of projects and increase costs considerably.

The UPR has certified that the funds required for payments under the Proposed Change Order stem from Prior year CapEx Institutional Funds and are allocated in **Account No. 10461.692.000.7711.000.30C000020900.00**. As such, the Oversight Board's review indicates that the UPR has sufficient budgeted funds to cover the cost of the Proposed Change Order as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the UPR throughout the Proposed Change Order's term. Consequently, we rely on the UPR's fund certification for purposes of this review. In the event that the Proposed Change Order causes the UPR to exceed its Fiscal Year 2023 Certified Budget, it must find savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the same.

The UPR is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Change Order should any changes occur.

This review was conducted on the basis of information submitted by the UPR. The Oversight Board has not independently verified the information included in the submission. Should the Oversight

APPENDIX A

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Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.